WEEKLY ECONOMIC REVIEW

October 12, 2007

Alberta's new home prices moderated for the twelfth consecutive month in August, increasing by a mere 15.5% from August 2006 levels. This is significantly down from the historical high price increase of 52.2% recorded in August 2006. Edmonton prices were 30.2% higher than August 2006, while Calgary experienced only a 6.1% increase. Nationally, new home prices were up 6.5% in August from a year ago, a slight slowing from the 7.7% gain observed in July.

Alberta's annualized housing starts rose by 20.7% in September compared to September 2006, as a surge in multiple-family starts countered a continued slowdown in single-detached. Multiple starts in the Edmonton area increased by 150% from a year earlier, while single starts fell by 24%. Also, in the Calgary area, multiple starts rose by 275%, more than enough to counter a 18% decrease in single-detached. Canadian housing starts reached a 29-year high of 278,200 annualized units in September, also fuelled by a strong increase in multiple-family starts.

Alberta non-residential construction investment reached $2.4 billion in the third quarter, 4.0% up from the second quarter. Calgary reached a new quarterly high of $1.7 billion with a 10.0% quarterly increase, while investment in Edmonton fell by 1.9%. Canadian non-residential investment rose by 4.9%, driven mostly by sustained commercial investment in Alberta, Quebec and Ontario.

Canada's trade surplus widened more than expected in August to $4.1 billion, with imports falling at twice the pace of exports. The decrease in imports was led by declines in automotive products and industrial goods and materials. Over the same month, Canada's surplus with the U.S. expanded to $6.7 billion.

The U.S. trade deficit narrowed to US$57.6 billion in August, the smallest since January, as the falling U.S. dollar stimulated foreign demand for U.S. products.

Oil prices jumped to above US$83 per barrel on Thursday, following a surprise drop in U.S. crude inventories and a strike of oil workers in Nigeria. Mild U.S. weather and a bearish U.S. storage report resulted in natural gas prices falling to C$6.68 per MMBtu this week.

The Canadian dollar soared to a 31-year high of 102.7 US cents today, fuelled by a combination of strong commodity prices, a bigger trade surplus and a weaker U.S. dollar.

Cdn Dollar (US¢/CS)		
	October 12, 2007	102.7
	October 5, 2007	101.9
	2007-08 YTD	94.0
WTI Oil US$/bbl		
	October 11, 2007	$ 83.08
	October 4, 2007	$ 81.44
	2007-08 YTD	$ 70.80
Nymex Natural Gas CS/MMBtu *		
October Contract		
	October 12, 2007	$ 6.68
	October 5, 2007	$ 7.26

*Estimate based on Nymex Futures Market Price

Economic Indicators Released this Week	Reference Period	Month/Previous Month (M/M)	Month/Previous Year's Month (Y/Y)	Year-to-date[1]
Housing Starts (000s)[2]	**September**			
Alberta	56.0	13.8%	20.7%	0.2%
Canada	278.2	19.6%	33.8%	0.2%
New House Price Index (1997=100)	**August**			
Alberta	253.7	0.2%	15.5%	28.2%
Canada	155.1	0.4%	6.5%	8.6%

Source: Statistics Canada

[1]Year-to-date 2007 compared to the same period in 2006. [2] Seasonally adjusted at annual rates.